

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6089**

**BILL NUMBER:** HB 2116

**DATE PREPARED:** Nov 1, 2000

**BILL AMENDED:**

**SUBJECT:** Use of credit records by insurers.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9869

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill prohibits a property and casualty insurer from doing any of the following based on adverse information in an individual's credit report: (1) Deciding whether to issue or renew insurance coverage; (2) restricting or terminating insurance coverage; (3) adding a surcharge or rating factor to the premium for insurance coverage; or (4) excluding or limiting coverage. The bill also makes the violation of any one of these prohibitions an unfair and deceptive act or practice in the business of insurance for which the Insurance Commissioner may impose a civil penalty or suspend or revoke an insurer's certificate of authority.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Fiscal Impact:** The bill potentially could result in additional revenue from civil penalties imposed on insurers by the Commissioner of the Department of Insurance. Civil penalties that may be imposed for violations of the provisions of the bill would be deposited in the state General Fund.

**Background Information:** A violation of the provisions of this bill would constitute an unfair or deceptive practice in the business of insurance. Under current law, if the Commissioner of the Department of Insurance determines that a violation has occurred, the Commissioner may, at his or her discretion, order payment of up to \$25,000 for each violation (but not to exceed an aggregate of \$100,000 in any 12-month period) unless the person knew or reasonably should have known that the act or practice was a violation. If the person knew or reasonably should have known that the act or practice was a violation, the Commissioner may order payment of up to \$50,000 for each violation (but not to exceed an aggregate of \$200,000 in any 12-month period).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Revenue.

**Local Agencies Affected:**

**Information Sources:**